

Message Text

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INFO AMEMBASSY BONN

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AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

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SUBJECT: ARTICLE XXIV:6 NEGOTIATIONS: DISCUSSION WITH
JULIAN HERON ON ITALIAN CITRUS OFFER

REF: (A) EC BRUSSELS 581 (B) ROME 1409 (C) EC BRUSSELS 678(NOTAL)

1. SUMMARY. IN A MEETING WITH AMBASSADOR GREENWALD,
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JULIAN HERON DISCUSSED SUNKIST'S OFFER TO ASSIST THE

ITALIAN CITRUS INDUSTRY. HE WILL CONSULT FURTHER WITH EMBASSY ROME TO SEE HOW THIS OFFER COULD HELP WITH THE ARTICLE XXIV:6 CITRUS PROBLEM. SUNKIST IS PREPARED TO ENTER INTO AN AGREEMENT WITH THE ITALIAN CITRUS INDUSTRY, SUBJECT TO SATISFACTORY TARIFF CONCESSIONS, BUT IT DOES NOT BELIEVE IT APPROPRIATE TO ANNOUNCE NOW THE PRECISE MAGNITUDES OF CITRUS PURCHASES INVOLVED. END SUMMARY.

2. AT HIS OWN REQUEST, JULIAN HERON, ATTORNEY FOR SUNKIST, MET ON FEBRUARY 4 WITH AMBASSADOR GREENWALD TO GO OVER SUNKIST'S OFFER TO ASSIST THE ITALIAN CITRUS INDUSTRY. MR. HERON OUTLINED THE HISTORY OF THE SUNKIST CONVERSATIONS OVER THE LAST YEAR WITH INDIVIDUAL ITALIAN CITRUS PRODUCERS, WITH MR. DIANA OF THE ITALIAN AGRICULTURAL ASSOCIATION, CONFRUCTURA AGRICULTORA, AND WITH DR. STUPAZZONI OF THE ITALIAN MINISTER OF AGRICULTURE.

3. MR. HERON SAID THAT IN THESE CONVERSATIONS SUNKIST HAD PROPOSED THE FOLLOWING AGREEMENT:

IN RETURN FOR A GUARANTEED SUPPLY OF ITALIAN ORANGES, SUNKIST WOULD GIVE TECHNICAL ASSISTANCE TO ITALIAN GROWERS, CONDUCT MARKETS RESEARCH AND TESTING AND PRODUCE IN ITS OWN PLANTS AND DISTRIBUTE THROUGH THE EC AN ORANGE JUICE MADE FROM A BLEND OF U.S. AND ITALIAN JUICES. ALL OF THIS WOULD BE CONDITIONAL UPON ITALIAN PERMISSION TO IMPORT U.S. FRESH ORANGES DURING THE SUMMER AND A 4 PERCENT EC DUTY ON U.S. ORANGES DURING THE PERIOD MARCH 1 TO OCTOBER 15. SUNKIST HAS ALREADY SENT A MAN AROUND ITALY TO LOCATE FRUIT, AND HE HAS FOUND SEVERAL SUITABLE PRODUCERS.

4. ACCORDING TO MR. HERON, THE CITRUS PRODUCERS HAVE COMMITTED THEMSELVES TO PERSUADE THE ITALIAN GOVERNMENT TO DO ITS BEST TO GET SUCH AN EC TARIFF CONCESSION IN ORDER TO AVOID LOSING THE OPPORTUNITY PRESENTED BY SUNKIST.

5. AMBASSADOR GREENWALD RECOUNTED THE CONVERSATIONS LIMITED OFFICIAL USE

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HE HAD HAD WITH ITALIAN AMBASSADOR BOMBASSEI (REF A). HE SAID, HOWEVER, THAT FROM BRUSSELS IT DID NOT SEEM THAT THE MESSAGE FROM THE ITALIAN CITRUS INDUSTRY WAS COMING THROUGH AS CLEARLY AS MR. HERON HOPED. THE ITALIAN GOVERNMENT WAS NOT RESHING AT THE OPPORTUNITY TO GET THE EC TO EXTEND THE LOW-DUTY PERIOD. IN FACT, THE ISSUE HAD BEEN PUT TO HIM BY BOMBASSEI IN A DIFFERENT FASHION: ITALY MIGHT BE ABLE TO DO SOMETHING ON

CITRUS; BUT THIS WOULD BE POLITICALLY UNPOPULAR WITH THE CITRUS PEOPLE, AND IT WOULD BE HELPFUL TO THE ITALIAN GOVERNMENT TO BE ABLE TO CITE THE SUNKIST OFFER IN ORDER TO DAMPEN CITRUS GROWERS' OPPOSITION TO THE CONCESSION.

6. AMBASSADOR GREENWALD SAID THAT AMBASSADOR BOMBASSEI MENTIONED IT WOULD BE HELPFUL IF WE COULD FURNISH TO THE ITALIAN DELEGATION HERE AND IF OUR EMBASSY IN ROME COULD FURNISH DIRECTLY TO THE ITALIAN GOVERNMENT ANY PRECISE DETAILS ABOUT THE SUNKIST OFFER NOT ALREADY INCLUDED IN THE DRAFT AGREEMENT, I.E., THE TOTAL QUANTITIES OF ITALIAN ORANGE WHICH SUNKIST WOULD COMMIT ITSELF TO BUY. MR. HERON SAID THAT SUNKIST DID NOT BELIEVE IT PRACTICAL TO MAKE SUCH A BLANKET OFFER, BUT IT WAS WILLING TO SIGN SPECIFIC CONTRACTS, CONDITIONAL, OF COURSE, ON THE TARIFF CONCESSIONS.

7. AMBASSADOR GREENWALD SAID THAT WE WERE IN NO POSITION HERE TO GIVE ADVICE ABOUT PRECISELY WHAT WAS NEEDED FROM THE CITRUS GROWERS TO PERSUADE THE ITALIAN GOVERNMENT TO BE MORE FERVENT IN ADVOCATING THE DUTY CONCESSION. SIGNED CONTRACTS MIGHT HELP, THOUGH, ON THE OTHER HAND IF THIS WOULD TAKE A LONG TIME, THEY MIGHT MERELY SERVE AS AN EXCUSE FOR DELAY.

8. MR. HERON SAID THAT HE WOULD GO BACK TO THE US IMMEDIATELY AND TALK WITH HIS PEOPLE. HE WOULD THEN BE IN CONTACT WITH THE AMERICAN EMBASSY IN ROME TO GET ITS VIEW ON WHAT FURTHER ACTION OR INFORMATION FROM SUNKIST WOULD BE HELPFUL. GREENWALD

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